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S.S - FYI

30 June 1986

MEMORANDUM FOR:

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FROM:

SUBJECT: RETIREMENT IDEAS

THOUGHTS ON THE NEW RETIREMENT SYSTEM

From an OIT software perspective, let us offer a core around which the FERS Working Group can focus its efforts and proceed to break this complex issue into manageable parts in order to accomplish our almost impossible task.

The suggested boundaries and constraints are:

1. Each concerned office (OP, OF, CSS, OGC, OIT and so on) will iterate through a designated spoke person their perceived areas of direct and in-direct responsibilities.

2. A representative from OP, OF and OIT will be assigned the task of initiating a search for a commercial software package to support the THRIFT PLAN. OP and OF will assess the functionality of identified software; OIT will assess whether our system can

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support the selected package(s), whether the package(s) can readily be modified to meet our additional unique requirements and its maintainability from a software perspective. Ideally, the selected package should be well documented, run in an IDMS/R or PLI MVS/BATCH environment and readily interface with PERSIGN, GAS and the Payroll system(s).

3. A unique office should be created to replicate those functions now performed by OPM as those responsibilities now become ours. Could we not use the PERCIARDS and PAYCIARDS that we currently manage in order to model what will be required of us for FERS. *yes*

4. Deductions for the THRIFT PLAN will only be made by percentage and only in whole percentage figures up to the 5 percent level. This will facilitate processing, control and reporting of Agency matching funds. Anything above 5 percent is at the discretion of the employee as there will be no matching funds supplied by the Agency. Payroll will only provide two fields to the THRIFT Plan, one for the employee and one for the Agency. Further distribution will be performed within the THRIFT system. Initially, the payroll *?*

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interface will be of a manual nature consisting of employee identification and the percentage to be withheld. Once the THRIFT system is installed, an automated interface consisting of the same data with appropriate transaction codes would replace the manual effort.

6. OP will provide to OIT the appropriate specifications for making the proper supplemental annuity payment and if possible, the historical, Social Security and IRS tax reporting requirements. We should assume that we will follow the OPM procedures to accomplish this so as not to appear different from the mainstream government agency. *Agreed*

7. OF Accounts Division should assess the accounting requirements for the Agency's new annuity payroll system. For example, if the Agency issues annuity payments to annuitants starting in 1987, what would be the accounting procedure to follow when we produce the payment, but OPM has the funds which support that payment.

8. Each office or office component should attend the working group

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meetings with their unique responsibilities outlined, be in agreement with how to resolve the issue and speak with a single voice.

9. OIT cannot afford to wait until all details of administration, control and reporting has been resolved before starting a design and implementation plan. We must proceed with what appears to be a solution and be prepared to change our approach as additional details are identified by the working group.

10. Set up different participant profiles in order to identify the problems we should prepare for, such as:

C. EOD after 1986.

D. Cover staff F/T, P/T, WAE, CONTRACT, etc.

E. Apply cost factors/mandatory EE and ER to each profile.

F. Apply cost factors/voluntary EE and ER to each profile.

OIT

Unless otherwise advised, OIT will proceed to analyze and prepare specifications to accomplish the following:

1. Prepare the payroll system(s) to withhold contributions based on a percentage figure and report those contributions to OF for further processing and distribution by the to be developed THRIFT system.

2. Prepare the payroll system(s) to withhold and report on deductions for FICA, MedTax and FERS.

3. Both of the above requirements will require interface requirements to the accounting system as indicated in item 5 above.

4. Prepare to replicate the current CIARDS system in its entirity in order to meet Agency obligations for issuing all future annuity payments for Agency personnel. This in conjunction with items 6 and 7 from above should satisfy the majority of our annuity processing requirements and allow us to be responsive to the 1987 time frame.

We do not wish to present an over simplification of the task before us, but this approach does appear to have the advantage of at least breaking the whole into parts which we should be able to start work on.

these are just some off the cuff thoughts and unless someone defines a more logical approach then OIT will continue to proceed as indicated above. Please let me know your reactions.

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